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**MATE YELLOWKNIFE
GOLD MINES LIMITED**

**ANNUAL REPORT
1978**

MATE YELLOWKNIFE GOLD MINES LIMITED

Head Office

P.O. Box 40
Commerce Court West
Toronto, Ontario M5L 1B4

Directors

- * D. J. EMERY
- J. D. KRANE
- G. P. MITCHELL
- * J. D. STREIT
- * R. S. THOMSON
- * Members of Audit Committee

Officers

D. J. EMERY
President

J. D. KRANE
Vice-President

W. R. ROBERTSON
Secretary

N. H. WITHERELL
Treasurer

W. F. AVERY
Controller

Transfer Agent and Registrar

GUARANTY TRUST
COMPANY OF CANADA
Toronto, Ontario

Auditors

THORNE RIDDELL & CO.
Toronto, Ontario

Annual Meeting of Shareholders

April 9, 1979
3:00 p.m. (Toronto Time)
Conference Room
39th Floor
Commerce Court West
Toronto, Ontario

REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS:

The financial statements of your Corporation as at December 31, 1978 and the Auditors' Report thereon, are submitted herewith.

No exploration work was done on the property during the year, however, the four mining claims held by the Corporation, located in the Mackenzie Mining District, N.W.T., have been maintained in good standing.

Exploration work on the Corporation's property is not anticipated in 1979.

On behalf of the Board,

D. J. Emery,
President

Toronto, Ontario
February 27, 1979

AUDITORS' REPORT

To the Shareholders of
Mate Yellowknife Gold Mines Limited

We have examined the balance sheet of Mate Yellowknife Gold Mines Limited as at December 31, 1978 and the statements of exploration and administrative expenditures deferred and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1978 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE RIDDELL & CO.
Chartered Accountants

Toronto, Canada
January 16, 1979

MATE YELLOWKNIFE GOLD MINES LIMITED

(Incorporated under the laws of Ontario)

BALANCE SHEET AS AT DECEMBER 31, 1978

ASSETS

CURRENT ASSET	1978	1977
Cash	\$ 1,803	\$ 850
MINING CLAIMS		
Claims acquired for 1,000,000 shares of the company's capital stock issued at 5¢ per share and \$15,000 cash (see note)	65,000	65,000
OTHER ASSETS AND DEFERRED CHARGES		
2,400 Shares Angelus Exploration Inc., at nominal value	1	1
Exploration and administrative expenditures deferred (see note)	178,149	173,147
	178,150	173,148
	\$ 244,953	\$ 238,998

LIABILITIES

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 400	\$ 445
Advance payable to Giant Yellowknife Mines Limited	17,000	11,000
	17,400	11,445

SHAREHOLDERS' EQUITY

CAPITAL STOCK		
Authorized — 4,000,000 shares of \$1 each		
Issued — 3,352,651 shares	3,352,651	3,352,651
Less discount on shares	3,114,816	3,114,816
	237,835	237,835
DEFICIT	10,282	10,282
	227,553	227,553
	\$ 244,953	\$ 238,998

Note:

Exploration and administrative expenditures amounting to \$178,149 at December 31, 1978 have been deferred with the intention that they should be amortized along with the cost of mining claims, by charges against income from future mining operations. The recovery of these costs is dependent, therefore, upon the obtaining of adequate financing and the development of an economic mining operation.

Approved by the Board

D. J. EMERY, Director.

R. S. THOMSON, Director.

MATE YELLOWKNIFE GOLD MINES LIMITED

STATEMENT OF EXPLORATION AND ADMINISTRATIVE EXPENDITURES DEFERRED

YEAR ENDED DECEMBER 31, 1978

	1978	1977
Administrative and general expenditures		
Head office salaries	\$ 1,610	\$ 1,753
Audit fees	400	450
Stock transfer expenses	493	810
Fees and taxes	52	486
Reports to shareholders	1,083	1,022
Directors' fees	1,250	1,250
Sundry expenses	114	112
EXPENDITURES FOR THE YEAR	5,002	5,883
BALANCE DEFERRED AT BEGINNING OF YEAR	173,147	167,264
BALANCE DEFERRED AT END OF YEAR	<u>\$ 178,149</u>	<u>\$ 173,147</u>

STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 1978

	1978	1977
WORKING CAPITAL DERIVED	Nil	Nil
WORKING CAPITAL APPLIED TO		
Administrative and general expenditures for the year	\$ 5,002	\$ 5,883
DECREASE IN WORKING CAPITAL POSITION	5,002	5,883
WORKING CAPITAL DEFICIENCY AT BEGINNING OF YEAR	10,595	4,712
WORKING CAPITAL DEFICIENCY AT END OF YEAR	<u>\$ 15,597</u>	<u>\$ 10,595</u>